



# KPMG Regulatory Centre of Excellence

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## KPMG in South Africa

*Regulatory Updates till for the week ended 30 August, 2019*

### FinWatch – A Weekly Newsletter

Find the latest edition of **FinWatch** which provides a gist of all regulatory developments impacting the financial services industry in South Africa.

- [Regulatory Developments](#)
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## Regulatory Developments

### Others

#### **Economic policy paper for public comment**

National Treasury recently published an economic paper on the topic, Economic transformation, inclusive growth, and competitiveness: Towards an Economic Strategy for South Africa. The paper translates outcomes of inclusive growth, economic transformation, and competitiveness into specific programs and draws on a range of domestic and international literature to support these policy priorities. It outlines six themes that prioritise economic transformation, inclusive growth and competitiveness:

- Modernising network industries to promote competitiveness and inclusive growth;
- Lowering barriers to entry and addressing distorted patterns of ownership through increased competition and small business growth;
- Prioritising labor-intensive growth: agriculture and services;
- Implementing focused and flexible industrial and trade policy to promote competitiveness and facilitate long-run growth;
- Promoting export competitiveness and harnessing regional growth opportunities; and
- Quantifying the impact of proposed growth reforms. [Link](#)

#### **Continued provision of a committed liquidity facility by the South African Reserve Bank to banks**

The Prudential Authority issued a guidance note stating that it will continue to provide a Committed Liquidity Facility (CLF) to banks to ensure banks' continued compliance with

liquidity coverage ratio (LCR) requirements. The guidance note provides revised guidelines and conditions relating to the continued provision and the phase out of the CLF. [Link](#)

### **Applications for the Global Fintech Hackcelerator @ Southern Africa**

The South African Reserve Bank (SARB), in association with KPMG Matchi, launched the 2019 Global Fintech Hackcelerator @ Southern Africa competition. It is a fintech acceleration programme that creates a platform for fintech firms to demonstrate their innovative solutions to complex financial challenges in the Southern African region. [Link](#)

### **Don't bank on digital disruptors, says Nedbank CEO**

Nedbank CEO Mike Brown recently in an interview has been adamant regarding the success of traditional banking institutions. The article states that the future of banking will be technology-led, however, it is unclear if the new players such as digital disruptors will be able to compete against the multinational traditional banks. He stated that the bank is expecting to digitise the top 10 of its products by the end of 2020. He welcomed the newly unveiled economic strategy blueprint released by the National Treasury, saying his initial assessment was that it would stand a solid chance of succeeding if well implemented. [Link](#)

### **JSE buys share-register business**

The JSE has bought a local share-register business as part of a plan to strengthen its relationships with listed firms. It has agreed to buy 74.9 percent of Link Market Services SA, the country's second-largest share-register business, whose clients include six top-40 companies, for which it will pay ZAR224.5 million using cash reserves. [Link](#)

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## **Market Developments**

### **International**

#### **Consumers see value in financial advice, but lack of trust remains an issue**

ASIC released new consumer research revealing the barriers faced by consumers when considering financial advice. It presents independent research into consumer experiences of, and attitudes towards, financial advice and the advice industry. The research focused on the overall use of financial advisers, motivators and barriers to seeking personal advice and consumer attitudes towards the financial advice industry. According to the research, while 41 percent of Australians intend to get personal financial advice in the future, many of them will not proceed because of these perceived barriers. The research found that 27 percent of Australians had received financial advice in the past, and 12 percent of Australians received advice in the past 12 months. The research also highlighted that a significant majority of consumers sought financial advice because they felt advisers had expertise in financial matters and could recommend products that they, as consumers, could not normally find on their own. [Link](#)

#### **APRA finalises revised measures to strengthen outcomes for superannuation members**

The Australian Prudential Regulation Authority (APRA) has finalised changes in the requirements to assess the outcomes of superannuation licensees to be delivered to the members. It released a finalised prudential practice guide: Strategic and Business Planning



and a draft SPG 516: Business Performance Review for a six week consultation period to assist in implementing the new requirements. [Link](#)

**ASIC research highlights the importance of reforms for mortgage brokers and home lending**

ASIC has released a report Looking for a mortgage: Consumer experiences and expectations in getting a home loan. This research examines consumer decision-making in relation to home loans to identify what factors influence their journey. [Link](#)

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